

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

BKP2014 – MANAGING KNOWLEDGE PERSONNEL
(All sections / Groups)

11 OCTOBER 2016

9:00 a.m – 11.00 a.m

(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 6 pages with 2 Sections only.
2. Attempt **ALL** questions in **Section A** and **THREE** out of **FOUR** questions in **Section B**. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

SECTION A: CASE STUDY (25 MARKS)

Instruction: Please answer ALL questions.

**IS APPLE A DAY KEEPING THE EMPLOYEES AWAY?
- An HR Case Study on Apple Inc.**

Apple Inc. is an American multinational company, headquartered at Cupertino, California, that designs and manufactures electronics and software products. The company was established on April 1, 1976 three smart men - Steve Jobs, Steve Wozniak and Ronald Wayne. Timothy D. Cook is the current CEO of Apple. The company has nearly 80,000 permanent and 3,300 temporary employees worldwide. Apple provides a wide range of hardware products that include Macintosh computers, iPod and iPhone while the software products include Mac OS X operating system, iTunes media browser, Final Cut Studio, iLife suite of multimedia and creativity software and Logic Studio. The company operates from fourteen countries and maintains 408 retail stores in addition to the online Apple Store and iTunes Store.

Apple has many competitors in the business world. The biggest competition to their smart phones comes from Samsung who produce the popular Samsung Galaxy. In the world of laptops and PC's/Macbooks, Apple competes with Microsoft, HP and many others. In the world of portable music device, Microsoft's Zune is considered to be the biggest competition to iPods. Apple is the largest publicly traded corporation in the world by market capitalization, with an estimated value of US\$415 billion as of March 2013. Its worldwide annual revenue in 2012 totalled \$156 billion and that for Q4 alone was \$36 billion. The most profitable products for Apple in the recent years have been the iPhone and iPad which constitute nearly 70% of their revenue.

PROBLEM STATEMENT

With its innovative capabilities and cutting edge technology, Apple Inc. has managed to stay on top of the game. The company has been able to achieve a large market share due to its technological innovations. The professionals at Apple Inc. have attributed to the success story of the company. Employees at Apple Inc. have a great sense of commitment and satisfaction about their work. Apple has been successful in making employees feel that their work really matters and has a significant impact on the world. This has been possible due to the high talent pool available at Apple Inc. Employees are extremely smart and they appreciate having the opportunity to be surrounded by highly knowledgeable peers. Though this nurtures competitive environment, it also helps in bringing out the best in each employee. But this has put a high level of stress on employees to perform nothing short of their A-game. Apple Inc. is reputed for its zero tolerance for poor performance. In addition, the high level of performance has generated many arrogant employees. As a senior software engineer at Apple Inc. put it, "Most professionals have an inflated view of their abilities and it shows in their attitude."

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In recent times, it has been found that most young professionals love to work for companies that produce their favourite products and services. The company needs to be innovative and best-in-class in whatever they do. The nature of the work, compensation and work-life balance are additional factors that young professionals look for while choosing their careers in an organization. Apple Inc. has been successful in providing good compensation to its employees. Many young professionals consider Apple Inc. as their dream company due to the high compensation provided by them. But in recent years, many employees have raised concerns over the perks provided by Apple which is not on par with those offered by Google or Facebook.

Low salaries were a particularly common complaint from Apple employees. Worldwide, Apple's stores sold \$156 billion in merchandise. About 30,000 out of 43,000 Apple employees work in Apple Stores, as members of the service economy, and many of them earn about \$25,000 per year. They work for the most valuable company, inside the world's fastest growing industry run by one of the country's most richly compensated chief executives, Tim Cook. For the last ten years, Apple has taken advantage of the strong demand for its jobs, particularly in today's weak economy when Apple is seen as a "cool" place to work: it has no difficulty replacing those workers that it disposes of. Electronics and appliances stores typically post \$206,000 in revenue per employee. Divide revenue by the total number of employees and we find that each Apple store employee that includes non-sales staff brought in \$473,000. It has apparently made a tactical decision that the costs of selecting and training new workers is worth the turnover rate that its low pay generates. In addition, the lack of promotions in Apple Inc. is seen as another de-motivating factor by the employees.

Apple Inc. has achieved huge success due to its innovation. Employees are encouraged to provide novel ideas and these have constantly contributed to the success of the company. But, more than often the ideas are not attributed to the employee who originally presented the idea. Employees at Apple Inc. often complain that their ideas get stolen by their seniors or peers. Apple has been in the news for having a very secretive work environment. Keeping the information confidential is definitely advantageous for the company, but hiding it from its own employees is unwarranted. The employees often complain that the need for secrecy comes in the way of their work and they find it arduous to coordinate different aspects of the project. The morale of the employees goes down; as they cannot give relevant inputs on the project they are working on. Further, the last minute change in plans causes the same work to be done twice. It is difficult for Apple to address this issue as Apple owes its success to the secretive policy it has adopted. The poor Human Resources Management (HRM) practises at Apple Inc. have raised eyebrows in the recent years. Employees have constantly faced difficulties due to the stringent HRM policies and lack of transparency. Moreover, after Tim Cook took over as the CEO of Apple there have been various changes across the organization. This has led to lack of clarity amongst the employees about the business objectives and strategies of the organization.

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Source: Malhar Lakdawala (2016). *Human resource Issues at Apple Inc. Case Study: Is Apple a Day Keeping Employees away*. Retrieved from <https://www.scribd.com/doc/235646022/HR-Issues-at-Apple-Inc>.

QUESTION 1

- (a) In light of what has been mentioned in this case, it can be understood that many of the problems surrounding Apple Inc. can be resolved using appropriate Human Resource policies and practices. Identify and explain the **FOUR (4)** major issues and provide recommendations for each issue that HRM can incorporate to resolve the issue.

(16 marks)

- (b) *"Apple Inc. is an American multinational company, headquartered at Cupertino, California, that designs and manufactures electronics and software products. The company has nearly 80,000 permanent and 3,300 temporary employees worldwide."* In your opinion, discuss any **TWO (2)** advantages of international expansion for this company in competitive advantages.

(4 marks)

- (c) *"The poor Human Resources Management (HRM) practises at Apple Inc. have raised eyeballs in the recent years. Employees have constantly faced difficulties due to the stringent HRM policies and lack of transparency"*. Based on your opinion, discuss any **FIVE (5)** negative outcomes of a bad HRM practices.

(5 marks)

(TOTAL: 25 MARKS)

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SECTION B: ESSAYS (75 MARKS)

*Instruction: Please answer **THREE** out of **FOUR** questions.*

QUESTION 2

- (a) One recent study of 115 strategic business units within Fortune 500 corporations found that between 49 and 69 percent of the companies had some link between HRM and the strategic planning process. However, the level of linkage varied, and it is important to understand these different levels. Discuss the **FOUR (4)** levels of integration that exist between the HRM function and the strategic management function.

(12 marks)

- (b) Assume you are the Manager of Domino's Pizza at Melaka branch. Identify **THREE (3)** reasons why job analysis is important to you. In addition, develop a work-flow analysis by illustrating the input of your work unit, the activities required to produce the output and what are the output of your product.

(13 marks)

(TOTAL: 25 MARKS)

QUESTION 3

- (a) Labour surplus can be reduced through downsizing activities while labour shortage can be eliminated by bringing in temporary workers in order to enhance organizational effectiveness.

- (i) Discuss the **FOUR (4)** reasons of failure in downsizing activities in some organization.

(8 marks)

- (ii) Discuss the **FOUR (4)** advantages of hiring temporary workers to eliminate the labour shortage.

(8 marks)

Continued...

- (b) Personnel selection is the process by which companies decide who will or will not be allowed into organizations. There are several evaluation standards that should be met in any selection process including reliability, validity and legality. Discuss these **THREE (3)** standards.

(9 marks)

(TOTAL: 25 MARKS)

QUESTION 4

- (a) (i) Explain the differentiation between 'e-learning' and 'blended learning'.

(4 marks)

- (ii) Identify the **THREE (3)** characteristics of e-learning.

(6 marks)

- (b) Performance management is the process through which managers ensure that employees' activities and outputs are congruent with organizational goals.

- (i) List out the **THREE (3)** parts of performance management system.

(3 marks)

- (ii) Discuss the **SIX (6)** processes of performance management.

(12 marks)

(TOTAL: 25 MARKS)

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QUESTION 5

- (a) The nature of pay structure is undergoing a fundamental change in many organizations. The pay structure decisions will influence the success of strategy execution by influencing cost, employee perceptions of equity, and the way that different structures provide flexibility and incentives for employees to learn and be productive. Discuss the **TWO (2)** competitive market challenges in pay decisions.

(6 marks)

- (b) To compete more effectively, your organization is considering a profit sharing plan to increase employees' effort and to encourage employees to think like owners.

- (i) What are the potential advantages and disadvantages of such a plan?

(5 marks)

- (ii) Would the profit sharing plan have the same impact on all types of employees?

(3 marks)

- (iii) Is the size of your organization an important consideration? Why? Justify your answer.

(3 marks)

- (iv) What alternative pay programs should be considered?

(3 marks)

- (v) What is the difference between profit sharing and gainsharing?

(5 marks)

(19 Marks)

(TOTAL: 25 MARKS)

End of Paper